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**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC**

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Office of Proceedings**

MAR 09 2011

STB DOCKET NO. AB-1053 (Sub-No. 1X)

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**MICHIGAN AIR-LINE RAILWAY CO.
-ABANDONMENT EXEMPTION-
LINE IN OAKLAND COUNTY, MICHIGAN**

REPLY AND OBJECTION TO PETITION FOR EXEMPTION

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Dated: March 9, 2011

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American Plastic Toys, Inc. ("APT") replies and objects to the petition ("Petition") of Michigan Air-Line Railway Co. ("MAL") to the U.S. Surface Transportation Board ("STB" or "Board") for an exemption pursuant to 49 U.S.C. § 10502. The petition seeks an exemption for MAL's approximately 5.45 miles of rail line (the "Line") located entirely in Oakland County, Michigan from the requirements of 49 U.S.C. § 10903. APT requests the rejection of the Petition or the commencement of a proceedings pursuant to 49 U.S.C. § 10502(b).

In support of its Petition, MAL claims that (1) there is one shipper on the Line; (2) the revenues generated by serving this shipper are not adequate to offset the costs of such service; and (3) that the abandonment of the Line will allow MAL to avoid the costs incurred by ownership of the Line. However, MAL fails to make the showing required

by 49 U.S.C. § 10502(a) with actual and accurate evidence. This code section requires a showing that continued regulation is “not necessary to carry out the transportation policy of section 10101”. At most, MAL has demonstrated only that the current service on the Line is of “limited scope”. 49 U.S.C. § 10502(a). Further MAL cannot show that the Line is “not required for continued rail operations” which will be required pursuant to 49 U.S.C. § 10905.

APT asserts that the Petition should be rejected, stayed or made subject of a proceeding pursuant to 49 U.S.C. § 10502(b). First exemption and abandonment will not further the transportation policy of 49 U.S.C. § 10101. Second, the financial complaints of MAL are recently manufactured by the new ownership of MAL (Butler and Browner Turnout Co., referenced to herein as the Browner/Butler Group) which acquired MAL in November 2009. Third the Petition is based on false, misleading and deceptive information. This misinformation should void the Petition, and also renders a meaningful offer of financial assistance (“OFA”) impossible.

I. BACKGROUND INFORMATION:

A. APT is a manufacturer of plastic toys. APT uses the Line to bring in its primary raw material: plastic pellets. APT acquired its plant adjacent to the Line in the early 1960’s. APT chose this location for the rail access it provided. APT has never consented to abandonment.

APT is located in a commercial/industrial area. Over the years many of these other facilities have used the Line for their own purposes.

APT’s use of the Line varies according to its sales, which naturally vary according to general economic conditions. Its use also varies by season: the post-Christmas period is

a slow season for toy manufacturers. The period of 2008 through 2010 has been one of generally poor economic conditions. APT asserts its usage in that period is not representative. Further APT expects its rail volume to increase with the improved economic conditions.

Since the acquisition of MAL by its current ownership, the Browner/Butler Group, common carrier services have been provided by a service provider, RFS, which has increased the cost of service. Prior to the November 2009 acquisition, MAL invoiced APT \$200 per car moved. In the fifteen months since the acquisition, RFS has charged a flat monthly rate which has varied between \$5,000/month to \$7,250/month. As a result, APT has been forced to pay as much as \$1,500 on a per car-pull basis. Moreover, RFS has been unresponsive to requests for car movement and has consistently delayed such moves. Nevertheless, rail transport remains the lowest cost method to obtain delivery of the raw plastic pellets to APT. APT fears that denial of rail service will greatly increase its costs. First truck transport is already more expensive. Second without competition from rail transport, the truck companies will likely raise their rates beyond current levels. Further the current fuel cost increases will also lead to higher transport rates.

B. History of the Proposed Transaction and the Browner/Butler Group.

MAL's current ownership, the Browner/Butler Group, acquired the Line in November 2009 without any intent to operate it. Since the Browner/Butler Group's acquisition, MAL has never actually operated the rail line. The owners of MAL have always intended to abandon the rail line and sell it at inflated prices to a governmental entity for a railway extension. In fact, the Browner Turnout Co. does not even claim to

be an actual rail line operator. It's primary service is obviously rail line liquidation. See Exhibit 3, Browner-Turnout Co. Homepage, attached.

The verified statement of R. Robert Butler, attached to the Petition as Exhibit D, ("Butler Statement") shows that the Browner/Butler Group acquired control of MAL without any intent to operate. Browner/Butler Group's conduct since acquisition clearly demonstrated the intent to dismantle the Line.

According to Butler, the prior owners of MAL "were in default to their lender, CIT Group". Butler Statement at page 1. Butler and his shareholder group obtained the railroad at a distressed price level. Butler Statement at page 2. Butler "negotiated a purchase of the note and mortgage that CIT Group held and reached an agreement to purchase the two owners interest in [MAL]. Butler Statement at page 2.

Butler never intended to operate the Line. Part of Butler's deal with the prior owners was to have them perform MAL's "common carrier obligation" as the alternative service provider. Butler Statement at page 2. Butler quickly arranged for abandonment and sale of a portion of the rail Line to a local parks commission for an extension of a trail system. Butler Statement at page 2. Butler filed his first Abandonment Proceeding less than 6 months after his acquisition. (Docket AT-1053 (1)).

Further, the Browner/Butler Group sought to flip the Line to a local railway association almost immediately. Exhibit 1. In late 2010, MAL sought to obtain acquisition grants from Michigan Department of Transportation ("MDOT") and the Michigan Natural Resources Trust Fund ("MNRTF") to fund a sale of this very Line to the trail authority. This effort failed as MDOT demanded that APT's shipping be protected and the Trust Fund Board did not approve the Grant. See Exhibit 1.

I. CONTINUED REGULATION IS NECESSARY TO FURTHER THE TRANSPORTATION POLICY

49 USC §10502(a) requires that any exemption further transportation policy. 49 USC §10101 sets forth the transportation policy of the United States Government in fifteen paragraphs. Granting the Petition would in fact frustrate several of these policy goals. These include:

(3) to promote a safe and efficient rail transportation system by allowing rail carriers to earn adequate revenues, as determined by the Board.

Granting the Petition would frustrate this goal as it leads to the diminishment of the rail transportation system available to APT.

(4) to ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense.

Granting the Petition would frustrate this goal as it would: (a) end a portion of rail transportation system which is currently relied upon by APT; and (b) end competition between rail and other modes of transport, namely trucking.

(5) to foster sound economic conditions in transportation and to ensure effective competition and coordination between rail carriers and other modes.

Granting the Petition would frustrate this goal by eliminating competition between rail and truck modes for transport of APT's raw materials and for the several other industrial and commercial properties located along the Line.

(6) to maintain reasonable rates where there is an absence of effective competition and where rail rates provide revenues which exceed the amount necessary to maintain the rail system and to attract capital.

Granting the Petition would allow MAL and its alternative service provider (RFS), to continue their scheme to drive away rail customers through excessive rates, dismal service and threats of discontinuance or abandonment.

(8) to operate transportation facilities and equipment without detriment to the public health and safety

Granting the Petition would frustrate this goal as increased truck traffic would: (a) pass by two schools (Walled Lake Elementary and Walled Lake Western H.S.); and (b) necessary result in increased air emissions, both at those schools and in the larger community.

(9) to encourage honest and efficient management of railroads.

Since the November 2009 acquisition of MAL by the Browner/Butler Group, MAL has not engaged in honest or efficient management. The Browner/Butler Group ownership has alienated all revenues; failed to engage in any maintenance, thereby inflating its supposed avoidable costs; and engaged RFS to provide freight service at sharply increased pricing and with unreliable service. Continued regulation of the Line is necessary to restore appropriate management.

(13) to ensure the availability of accurate cost information in regulatory proceedings, while minimizing the burden on rail carriers of developing and maintaining the capability of providing such information.

Granting the Petition would frustrate this goal. The current Petition contains incomplete, inaccurate, inapplicable and “manufactured financial data”. This prohibits interested parties from making an offer of financial assistance (“OFA”)

(14) to encourage and promote energy conservation.

Granting the Petition would increase energy use and inefficiencies. Converting to truck transport would increase truck traffic by a factor of at least four to one. The energy inefficiencies of truck transport compared to rail are well known and obvious.

Further 49 U.S.C. § 10905 requires a finding that the Line is “not required for continued rail operations”. APT asserts that the Line is necessary for both rail operations generally and also for APT’s specific use.

II. MAL’S FINANCIAL WOES ARE SELF-CREATED AND OVER-STATED.

The Petition asserts that MAL’s revenues do not cover the costs of the Line. However this state of affairs is a situation created by MAL’s current ownership which acquired the shares of MAL in November, 2009. First, MAL was acquired a mere fifteen (15) months ago as an operating railway. The Browner/Butler Group was fully aware that only APT was a current user. Second, MAL intentionally separated itself from all revenues when it immediately transferred all common carrier service obligations to the alternative service provider, Rail Freight Solutions (“Service Provider” or “RFS”). Third, MAL has overstated and artificially increased its costs.

APT requests the petition for exemption be stayed to allow for further responses from the Michigan Department of Transportation (“MDOT”), Oakland County Government, and the Michigan Economic Development Corporation (“MEDC”). These entities have expressed interest in an offer of financial assistance, but the MAL’s

financial information is suspect and unreliable. More complete and accurate information is required for these entities to make an OFA.

APT asks the Petition be rejected on the grounds that MAL has abused its economic position with respect to the Line and that continued regulatory control over the subject Line is necessary.

A. Misleading, False and Deceptive Financial Information

MAL relies upon unsupported and misleading information to support its claims regarding current and future railroad costs. First, MAL asserts the line is barely used and that future disuse is virtually a *fait accompli*. Second, MAL's alleged costs of maintaining the rail line are excessive compared to revenue is a distortion. Third, MAL's claim that the rail line property is vastly more valuable abandoned than as an operating railway is not supported. Finally, MAL implies that it has reached agreement for the Line to be sold and placed into service as a Rails to Trails property. None of these facts are as presented.

1. MAL's claim that Revenues will not cover maintenance is a manufactured condition

MAL's claims that it does not know the amount of money paid by APT to RFS, the service provider. This is false. While it is true that MAL is not a direct party to the contracts between APT and RFS, APT has on more than one occasion provided that information directly to MAL. Furthermore, MAL knows that RFS has drastically increased the rates, for the service it provides to APT.

MAL's new ownership, intentionally divorced itself from the service revenue when it acquired the Line. Accordingly its claim that it receives no revenue is both a distortion and its own choice.

MAL's current ownership is a liquidation specialist. Prior to the application for the proposed MNRTF Grant (Exhibit 1), MAL's current owner, Mr. Butler, sought matching funds from the Michigan Department of Transportation. While seeking these funds, he misled MDOT. MAL caused MDOT to believe that the entire line did not have rail traffic. However, when APT made themselves known to MDOT, MDOT ceased supporting the grant. Nevertheless, MAL continued to seek a Michigan Natural Resources Trust Fund Grant to enable the Rails for Trails purchase. That grant was not approved. MAL is not believed to have any current sales agreement for the rail line to a governmental entity. See, Exhibit 1 attached.

2. Maintenance and Operating Costs are "Manufactured", Under-Supported and Insufficient for Calculation of an OEA.

MAL's calculation of avoidable maintenance is misleading. First, as noted above MAL's present ownership has never operated or performed any maintenance on the Line. MAL has completely surrendered the Line revenues to the alternate service provider. As a result, MAL has intentionally built up a claim for deferred maintenance. Further the petition for exemption includes no support data or reports justifying the nature or amount of the deferred maintenance which MAL claims is required. Similarly, the Six Thousand (\$6,000.00) Dollars per track mile estimate is based upon another 17 year old case, not even an estimate in this matter.

MAL's claim of the value of the rail line real estate for purposes of its opportunity cost calculation is also deceptive and misleading. First, almost Six Million (\$6,000,000.00) Dollar NLV is based largely on the alleged \$5.4 Million Dollar appraisal. This amount is highly suspect and no support is provided, not even the

appraisal. MAL has claimed this number before in previous actions both before this board and the MNRTF Board. APT believes this appraisal is out of date and relies upon inappropriate data or methods. Such an appraisal amount would require the property to be worth almost One (\$1,000,000.00) Dollars per track mile. Even if such a value was accurate in the past, it is no longer accurate in the current Michigan economic environment or since the MDOT and MNRTF refusals to provide grant money.

Additionally, the opportunity cost analysis should be based on the costs of the November 2009 acquisition, not data from other cases or questionable appraisals bears no relationship to the actual amount invested by Mr. Brown in his acquisition of the ownership of MAL. MAL's own petitions before this board indicate that Mr. Brown was engaged as a workout expert on behalf of MAL's lenders. Through that process, by assuming some portion of the debt (which he does not specify) he obtained the ownership control of MAL. Accordingly, the Five (\$5,000,000.00) Dollar figure is simply not an accurate reflection of the amount of ownership capital tied up in MAL.

B. An OFA Cannot be Made With Unreliable and Unsupported Financial Calculations.

Unfortunately, offers of financial assistance ("OFA") cannot be made. The financial figures set forth by MAL in its petition have been manipulated to such a point that they are false, misleading and deceptive. As a result MDOT, MEDC and Oakland County are not in a position to make an OFA until true and accurate numbers have been provided.

III OTHER MISLEADING AND FALSE INFORMATION

APT¹ asserts the Petition should be found to be *void ab initio*, for the reason that it is based upon and includes information which is false, misleading or intentionally deceptive.

1. APT's use is understated by MAL, and is in fact increasing

MAL, in the Petition, misrepresents the position of APT. First, as MAL acknowledges, upon the acquisition of the Line by the Browner/Butler Group, Butler and others came to APT in an effort to obtain APT's consent to abandonment. But, APT's ownership and management have consistently told MAL that the rail line is vital to APT's on going operations in Michigan. Further, APT has never consented to abandonment or suggested that its use of the line will voluntarily terminate. APT's construction of additional storage facilities has been a function of its inability to obtain and schedule service on the rail line and to ensure its operations if the Line is abandoned. RFS, the alternate service provider that MAL has retained, appears dedicated to driving APT away from the rail line. RFS refuses to timely schedule pickups and deliveries. RFS often fails to make pickups and deliveries as scheduled. RFS has charged exorbitant rates for service on the rail Line since the November 2009 acquisition.

2. Photos are not Necessarily of the Relevant Line Sections.

The pictures attached to the MAL petition are misleading. Many of these pictures are in fact of portions of the Line which are beyond the APT facility and have been previously abandoned pursuant to the July 2010 Petition. These pictures are included in

¹ By definition, APT is a significant user of this Line.

the petition in an effort to make the rail line look to be already abandoned. As stated above APT expects to continue to use this rail line for as long as it can and in increasing amounts. APT's use of the rail line is cyclical, but not declining. APT in fact used the rail line more in 2009 and 2010 than indicated in MAL's petition. It is interesting to note the MAL has no idea how much APT has paid the alternate service provider, yet MAL asserts that it knows exactly how many cars APT has transported on the rail line. APT expects to continue to use and increase its use of the rail line.

3. The Butler Statement Contains Multiple Inaccuracies and Misleading Statements.

Other instances of misleading information in the Butler Statement include:

- The Butler Statement misleadingly suggests that there is a pending application for grant monies for local communities to purchase this section of the rail line for the Pontiac Trail system. Butler Statement page 2. However, this application has not been approved. Representatives of State and Local government all spoke against the application during the public meeting to consider it. See Exhibit 1 Minutes of November 30 and December 1. Meeting of Michigan Natural Resources Trust Fund Board, ("MNRTF") Pages 2 through 4, 8, and 12-15. In fact, the Michigan Economic Development Corporation and the Michigan Department of Transportation spoke in favor of APT and against the request for funding unless APT's rail shipping was fully protected. Exhibit 1, at page 3.

- The number of cars shipped by APT in 2008, 2009, and 2010 as set forth in the Butler's statement is misleading. MAL's use of the prior owner as an alternative service provider has resulted in a four-fold increase of costs to APT for each car load. Moreover, an alternative service provider has created significant road blocks to use of the Line.

Specifically the alternative service provider does not timely respond to requests for service not does it timely perform requests for service. As a result of these denials of service, delays in service and increased costs, APT asserts that this Line must remain subject to this Board's authority to prevent the ongoing economic oppression instituted by MAL's current ownership.

- The Butler Statement, at page 2, asserts that "APT informed me that because of their declining use of the railroad, as well as its declining use by other shippers, they did not intend to protest abandonment". APT absolutely denies this statement and asserts that it is a pure falsehood. APT believes that the other shippers who have stopped shipping by rail or would have so shipped have been driven away by the pricing established by the service provider and the difficulty of obtaining common carrier services.

- The Butler Statement, at page 2, asserts that the revenue MAL receives for servicing APT does not cover the expenses incurred to serve them. This is misleading. It is true only in the sense that MAL alienated all revenues from the common carrier services with its agreement with RFS. Also this contradicts MAL's claim that it does not know the revenues. In the Petition, at page 6, MAL claims that "actual costs of providing such services cannot be verified by MAL...".

- The Butler's Statement suggests that MAL cannot invest money in maintenance or rehabilitation because the investment cannot be recovered. This is obviously because MAL has structured a deal with the service provider which guarantees that MAL receives none of the revenue. Moreover, MAL has never intended to operate this railroad and accordingly has deferred maintenance ever since the Ramsey statements forecast year net

revenue analysis is deceptive. MAL's current ownership consciously chose to divert all revenue from common carrier obligation performance to the service provider. MAL's conscious effort to beggar itself is not a justification to allow abandonment.

4 The CEH Report is Incomplete and Inaccurate.

The Combined Environmental and Historical Report presented at Exhibit F to the Petition ("CEH report") does not adequately address the requirements of section 1105.7 (e) (2)-7.

For example:

- The CEH reports description of the transportation system is insufficient. APT asserts that the other shippers have been driven out of the system based on increased costs charged by the service provider as well as the obstacles to obtaining service from the service provider.

- It is true that APT has obtained bids for alternative trans loading of its material. However this is not APT's desire. These bids are a back up plan only and necessary because of MAL's ongoing effort to abandon the Line. CEH report at page 4.

- MAL's discussion of land use in the CEH report is inaccurate and incomplete. CEH report at pages 5 and 6. As set forth in the minutes from the Michigan Natural Resources Trust Fund Board meeting (Exhibit 1 to this response). The Michigan Economic Development Corporation is opposed to the abandonment of the Line as APT is an important employer. Exhibit 1, MNRTF Ford Minutes at page 3.

- The discussion regarding energy use changes presented in the CEH report, at page 7-8 is incomplete and inaccurate. APT asserts that it is self-evident that the diversion of its 50 to 70 rail cars per year will cause a negative effect on overall energy efficiency, as at least 200 truckloads will be necessary to replace these rail cars.

- MAL, in the CEH report, at page 9, asserts that none of the noise thresholds will be exceeded. However, MAL presents absolutely no information showing this to be true. Further, by necessity, truck traffic to supply raw plastic to APT will pass schools, hospitals, and residences.

- APT asserts that MAL's safety discussion (CEH report at page 9) is false and misleading. First, all of APT's additional truck traffic bringing raw material to its Walled Lake plant will cause increased traffic in front of an Elementary School and a High School along the route from the nearest off-loading facility. No discussion of this is presented in the CEH report.

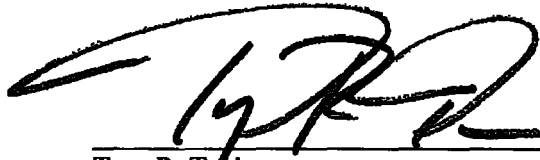
- The CEH report also asserts at page 9, that MAL will place the existing road crossings "in a condition which satisfies the requirements of the public authority having jurisdiction of the crossing". As a result, MAL's claim, in the Avoidable Cost calculations (based on the Butler Statement and the Ramsey's Statement), that repairs to crossings at signals will constitute a minimum of \$25,000.00 in the forecast year is misleading. Based on MAL's own statements in the petition, the verified statements and the CEH report, MAL will be subject to the costs for repairs to these crossings regardless of whether or not the Line is abandoned. Accordingly these crossing repairs are not "avoidable costs".

CONCLUSION

MAL's Petition is the penultimate step in an ongoing abuse of market power and a misuse of the transportation policy. The pending Petition contains misleading and deceptive financial information and has been set up by a willful neglect of MAL's

common carrier service and maintenance obligations. The Petition for exemption should be denied, found void, or make subject to further proceedings before the Board.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Taylor', written over a horizontal line.

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EXHIBIT 1

**MINUTES RE MICHIGAN NATURAL
RESOURCES TRUST FUND BOARD OF
TRUSTEES MEETING HELD
NOVEMBER 30, 2010 AND DECEMBER 1, 2010**

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of November 30 (6:00 PM) and December 1 (9:00 AM), 2010
Lansing Community College West Campus, 5708 Cornerstone, Lansing

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees evening session commenced at 6:00 PM, November 30, 2010.

The following Board members were present:

Keith Charters
Bob Garner
Rebecca Humphries
Dennis Muchmore
Frank Torre

Also in attendance were various staff members of the Department of Natural Resources and Environment (DNRE) and other interested parties.

Chairperson Muchmore wished Director Humphries well in her new career at Ducks Unlimited.

Chairperson Muchmore introduced the new Manager of Grants Management, Mr. Steven DeBrabander, to the audience.

Chairperson Muchmore advised the audience that Ms. Deborah Apostol, Unit Manager, Recreation Grants, Grants Management, DNRE, was retiring January 1, 2011, and that she would be greatly missed by the Board and staff.

Chairperson Muchmore also informed the audience that Governor-elect Rick Snyder will be separating the DNRE. Environmental Quality (DEQ) and Natural Resources (DNR) will be separate departments once again and, in addition, the Department of Agriculture will be renamed to become the Department of Agriculture and Rural Development. Directors of these departments will be Mr. Dan Wyant (DEQ), Mr. Rodney Stokes (DNR) and Mr. Keith Creagh (Agriculture and Rural Development). He congratulated Mr. Stokes on his new position.

At this point, Mr. Stokes introduced DNRE staff present.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy, made some comments. He asked the members of the Legislature in attendance for their support and to recognize that the MNRTF appropriation is money from oil, gas and mineral revenues on state land. He urged the Legislature to pass the MNRTF bill as soon as possible. These funds are not tax or bail out dollars.

Mr. Bailey also urged providing the needed staff support to process and administer the grants. In addition, appraisal review staff, whether by hiring additional staff or contracting services out, is needed.

Mr. Bailey expressed his thanks to Director Humphries, congratulated Mr. Stokes, and thanked DNRE staff for all their hard work.

Presentations regarding project scoring and other issues were made by the following communities:

Representative Robert Genetski – 10-067, Casco Township Nature Preserve Expansion, Casco Township

Scored 350. Expressed support for the project. Request is for \$2,250,000. Land for public recreation use is becoming scarce in the area. Great opportunity for township and western Michigan to have public access to the beach.

Representative Michael Lahti

Expressed support for the following projects in Gogebic and Iron Counties:

Scored 360. 10-079, North Agonikak National Recreation Trail Enhancement, Watersmeet Township

Scored 340. 10-094, Little Girl's Point Improvements, Gogebic County

Scored 315. 10-082, Airport Recreation Park Improvements, Ironwood Township

Scored 290. 10-110, Norrie Park Play Structure Improvement, City of Ironwood

Scored 290. 10-111, Patterson Court Upgrade and Expansion, City of Ironwood

Scored 240. 10-080, Eddy Park Improvements, City of Wakefield

Scored 190. 10-005, Bluff Valley Park Project, City of Bessemer

Scored 340. 10-064, Iron County Heritage Trail, Iron County

Representative Steven Lindberg – 10-076, Farquar/Metsa Tourist Park Improvements, Forsyth Township

Scored 330. Expressed support for the project. Located on the east branch of the Escanaba River and has swimming site. Visitors from all over the state use the park. Development would include additional pathways in the park. Request is for \$268,600.

Mr. John W. Gessert, President, American Plastic Toys, Inc. – 10-078, CW2 Airline Trailway Acquisition, Commerce, Walled Lake and Wixom Trailway Management Council

Scored 410. Expressed opposition to the project. Would significantly hinder the company's ability to support manufacturing activities and would increase cost of doing business. The company would lose storage capacity by not being able to have rail cars staged at the facility, thus increasing the cost to store plastic.

In addition, would increase truck volume in and around the City of Walled Lake, thus having a negative affect on the environment and road conditions.

The company is one of the last domestic manufacturer of toys in the United States and has over 230 employees, 170 of which work out of the Walled Lake facility.

Losing rail service would make the company look more seriously at an alternative location outside of the State of Michigan. The company has been approached by Kentucky, Mississippi and Alabama to relocate to their states.

Mr. Charters asked if it was an active rail line at the present time. Mr. Gessert responded yes, with 50-60 rail cars being brought in annually to the Walled Lake facility.

Mr. Garner asked how much this proposed trail would impinge on the rail cars' location. Mr. Gessert responded that the company is not opposed to walking trails, but are opposed to the hardship it would bring upon the company. CSX stated they did not feel comfortable having any rail service that would be that close to a hiking or walking trail. If the company could get its rail cars there and still have a walking trail, it would be fine.

Mr. David Kurtycz, Business Development Manager, Michigan Economic Development Corporation, DELEG – 10-078, CW2 Airline Trailway Acquisition, Commerce, Walled Lake and Wixom Trailway Management Council

Added additional comments in opposition to project. Has been working with American Plastic Toys, Inc. to retain the company in Michigan. The company has been in Michigan for 50 years and has operations in other states.

There is a portion of rail line east of Ladd Road that has not been abandoned.

Mr. Charters stated that the Board is supportive of trails, but jobs are very important.

Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance, made some additional comments. Michigan Department of Transportation (MDOT) has given a conditional commitment for the project. The project has been scaled back. Three of the five miles had not had a rail service for two years and was ready to be abandoned. There is no interference to American Plastic Toys for that portion of the rail corridor.

Mr. Charters asked with the scaled back version, does that put American Plastic Toys out of rail service. Ms. Krupiarz responded no. Mr. Kurtycz is not sure if the company abandons that part where they would put their equipment. The amended trail project would run from east of Ladd Road to West Bloomfield. The switching station is between Ladd Road and Haggerty Road.

Mr. Michael Leon, Transportation Economic Development Fund Manager, Michigan Department of Transportation (MDOT) – 10-078, CW2 Airline Trailway Acquisition, Commerce, Walled Lake and Wixom Trailway Management Council

Added additional comments, and is representing the Transportation Enhancement Program. MDOT is supportive of the completion of the Airline Trail and has given Commerce, Walled Lake and Wixom Trailway Management Council a conditional commitment for the portion of the trail. Two of the conditions are that the Trail Management Council must go through proper abandonment procedures and also that it does not cause a loss of jobs. If those conditions are met, then they have a conditional commitment to be provided funding for the portion of the trail under consideration.

Mr. Charters asked what the revised grant request was. Ms. Apostol responded it is now \$2,551,600. This would cover three miles of the five miles. Three miles are abandoned. The other two would be funded under MDOT. Ms. Krupiarz provided some additional comments on the abandonment.

Mr. Garner stated that his concern is whether MDOT will let the rail be abandoned and if it would cause a loss of jobs.

Chairperson Muchmore responded he feels this proposed trail project has some loose ends that need to be resolved.

Mr. Bruce Tasker, Mayor, City of Carson City – 10-042, Grove/Haridine/West Parks Non-Motorized Trail Development, City of Carson City

Scored 400. There has been some reconfiguration in the school system, with an elementary school being closed. The trail would now be located closer to the new school relocation (within four blocks), and would allow 275 students to use it.

The city and school system has always worked together on projects to benefit the community.

Mr. Harry Larkin, Township Supervisor, Leland Township – 10-155, Clay Cliffs Natural Area Acquisition, Leland Township

Scored 310. Even though the project did not score well, this is a good project. Did not realize there was a 40 point bonus for submitting application by April 1. The township wanted to have as complete application as possible, including providing an appraisal.

Item 11 on the scoring evaluation sheet—"Wildlife Corridors and Natural Area Buffers"—felt had expert documentation with regard to the facility. This could have added 50 points.

Representative Dan Scripps – 10-155, Clay Cliffs Natural Area Acquisition, Leland Township

Added some additional comments in support of the project. How this project scored out does not reflect its uniqueness. This is a once in a generation opportunity to protect one of the great privately-held properties in Leelanau County. He urged the Board to recommend funding the project based on its uniqueness.

Chairperson Muchmore stated that the property is very expensive. Representative Scripps responded that the property is Lake Michigan and Lake Leelanau frontage.

Mr. Garner made the comment that Leelanau County has received a number of MNRTF grants in the past.

Mr. Barry Johnson, Councilman, City of Saugatuck – 10-057, Saugatuck Harbor Natural Area Acquisition-Phase II, City of Saugatuck

Scored 420. Thanked the Board for their support and funding for the project in the last year. Ten to fifteen percent of people have come in to the area to access the beach with no problems. There is total access for emergency situations.

There is a lease agreement with the owner for one year while the acquisition is being completed. All "keep out" signs are gone. There is a management commission to manage the property and all agreements/arrangements are being met.

Mr. Jerry Jaloszynski, Parks and Green Space Coordinator, Clinton County – 10-029, Motz County Park Addition, Clinton County

Scored 350. In 2007 the county received a MNRTF and Kellogg Foundation grant for the development of the park. The project has been completed. In 2010, the park was awarded a daVinci Award for accessibility and universal design.

The current application is for a 260-acre parcel for expansion of the park. It would increase the park to 302 acres.

Mr. Michael Ridley, Supervisor, Tuscarora Township – 10-063, Veterans Pier Development, Tuscarora Township

Scored 330. Plans are to provide total accessibility for fishing from the shore. Thanked the Board for their consideration.

Mr. Tom Garnett, President, Calhoun County Trailway Alliance – 10-031, Calhoun County Trailway, Calhoun County

Scored 400. The county is looking for new recreation opportunities. The trail would traverse through three county parks and provide access to the Battle Creek linear path, eventually connecting to the Kalamazoo River corridor (connecting Battle Creek, Marshall, Albion and Homer). The trail would also become part of the North Country Natural Scenic Trail.

MDOT has provided the county with a conditional commitment for funding.

Mr. Greg Stewart, Administrator, City of Luna Pier – 10-065, Lake Erie Beach and Pier Access, City of Luna Pier

Scored 300. Received 0 points in "Match" portion. The city is providing 26 percent match. Also, the city is not in the top one-third of income.

On "Entrance Fees" the city received 0. There is free parking within 3/10th of a mile of the pier and park. The two parking lots that are up front are 50 cents an hour. Also issuing a "Courtesy Warning" to visitors/residents in parking areas.

Also, the city is working with the Heritage Trail.

The key to the project is universal access and Michigan State University is interested in working with the city and DNRE to build the criteria that would be a benchmark for future projects in universal access.

Chairperson Muchmore asked Ms. Apostol to look at the scoring issues.

Ms. Melinda Milos-Dale, Parks Planner, Oakland Township – 10-069, Lost Lake Nature Park Development, Oakland Township

Scored 305. Back in 2004, the park was originally purchased with the assistance of the MNRTF. Since then, the park has doubled in size using township millage funds. The park provides access to and protects three lakes within the township. This is the perfect location for a nature center.

Development will include renovating existing structure dedicated to nature center use, accessible dock to provide fishing and kayak/canoe opportunities, improve parking lot and pedestrian routes, interpretive signage and protecting natural areas.

Residents of the township and surrounding communities/school districts are very supportive of the project.

Chairperson Muchmore asked why the project did not score higher. Ms. Apostol responded that under "Financial Need" no points were awarded. Also, under the "Urban Area" no points were awarded.

Mr. Gary Allen, Mayor; and Mr. Ken Kissinger, City Councilman, City of Galesburg – 10-090, Ike Payne Park Improvements; and 10-091, Community Park Improvements, City of Galesburg

10-090 scored 330 and 10-091 scored 370. Both parks were donated to the city. Ike Payne Park provides recreation for Little League teams, football and girls softball. The park provides recreation for four municipalities, two school systems and six townships.

No entry fees at either park.

Community park is 17 acres. The park will eventually be part of the Kalamazoo River Valley Trailways system.

Work that has been done in the parks has been by volunteers. The city pays for the DDW to mow and volunteers take care of everything else.

On 10-090, did not receive points for "Applicant Match" nor "Universal Design." Information was provided earlier where the project should have received points for these criteria.

Mr. Kissinger made some additional comments in support of both projects. Parks would be made universally accessible so all could enjoy.

Ms. Susan Reagan, Grant Writer, Bridgeton Township – 10-058, Muskegon River Waterways Trail, Bridgeton Township

Scored 340. Supplemental information was submitted after preliminary evaluation was received, but was not reflected in the final score. Criteria in question were "Natural Resource Based Creation Opportunities," "Applicant Match," "Universal Design" and "Trails." Information was provided to support why additional points should be awarded.

Project is water-based recreation. It will also benefit disabled visitors by being universally accessible.

Ms. Apostol stated that Ms. Lisa McTiernan, the grant coordinator who scored the project, assured Ms. Apostol that all supplemental information had been reviewed before she left employment with DNRE.

Mr. Randall Stewart, Township Administrator, Davison Township – 10-010, Irish Road Non-Motorized Trail Development, Davison Township

Scored 290. Application for the project was submitted last year. The township is now providing more match amount.

The trail runs along an area of 1200 apartments. The trail goes under I-69 and keeps parents/children off the road. Provides access to the nature area, park and city area.

The project scored the same as last year, and feels because of universal design (scored 0) should have scored higher.

Mr. Stewart asked that the project be considered again and points be increased.

Chairperson Muchmore asked staff to review the score issue.

Ms. Kim Akin, Zoning Administrator, Denton Township – 10-019, Trestle Park Development Project, Denton Township

Scored 390. Made comments in support of project. The park will be the only universally accessible park in Roscommon County.

Ms. Connie Vorenkamp, Burt Lake Trail Committee Member, Burt Lake – 10-047, Burt Lake Non-Motorized Trail Development, Burt Township

Scored 305. Although rural based, there is an urban cluster of residents along the trail. Will provide non-motorized access to many state and preservation lands, including the Little Traverse Conservancy Nature Preserve, state forest lands, etc.

Received 0 points for "Universal Design." It is the intent to make every effort to ensure the trail complies with universal design guidelines. Many residents in the area are senior citizens and use walking devices.

Mr. Chris Bzdok, Mayor, City of Traverse City – 10-062, Clinch Park Bayfront Revitalization, City of Traverse City

Scored 405. Provided a letter of support for the project from Senator-elect Howard Walker. Also, project is part of a three-year citizen-driven process dealing with two miles of shoreline.

Ms. Kathy Huscke, Executive Director, Oleson Foundation; and Ms. Becky Ewing, Program Officer, Rotary Charities, have formed a collaborative process to provide funding for the project.

There have been 156,000 people counted walking on the trail going through abandoned zoo property that is the center of the project. In 2005, 1.9 million people visited the Traverse City area. The project would provide visitors a location to go to in downtown Traverse City.

Mr. Jim Stormont, Supervisor, Grass Lake Township – 10-034, Grass Lake Community Sports and Trails Recreation Park Development, Grass Lake Township

Scored 285. The park restrooms and trail (.6 mile) will be universally accessible. There will be access to Grass Lake. In phases two or three, a fishing pier will be built that will be accessible to the trail. Leoni Township has a park that they are developing and a trail will be developed in that township. To the south of Grass Lake Township, there is a 230-acre nature preserve with a trail that intersects with a trail that the high school is developing. It has been a collaborative effort between the Village and Township of Grass Lake and school system, as well as working with other communities.

Obesity is a big problem in Grass Lake and the trail is a way to inspire people to use the trail as a form of exercise.

Ms. Nancy Krupiarz, Executive Director, Michigan Trails and Greenways Alliance

Outlined the Great Lakes Lake Trail (formerly known as the Michigan Airline Trail, which goes from one Great Lake to the other).

Also, the Alliance has been working with MDOT, DNRE and Alliance field representatives on the Cross State Trail (running from South Haven to Port Huron), which is approximately 240 miles and consisting of 11 trails. There are six gaps in the trail that need to be completed. Gaps are included in applications before the Board—10-031, Calhoun County Trailway, Calhoun County; 10-038, West Bloomfield Trail Development, West Bloomfield Township; and portion between Wixom.

Another application for the Cross State Trail is the further development of the Lakelands Trail in Putnam Township (10-001).

The Great Lakes Lake Trail will be a draw for residents and visitors, as well as to use the other 125 Michigan trails.

Ms. Krupiarz felt the concerns expressed earlier regarding 10-078, Commerce, Walled Lake and Wixom Trailway Management Council's CW2 Airline Trailway Acquisition can still be worked out. Many projects have been funded by the MNRTF with conditional commitments from MDOT. The railroad company is going to work things out and agreements will be reached with all parties.

Mr. Debra Buehner, Village President, Village of Barryton – 10-052, Barryton Park Improvements, Village of Barryton

Scored 360. In 2007, the State of Michigan deeded the park property to the Village of Barryton (contained over a million tires). This is a 12-acre parcel located along the

Chippewa River and it sits next to a park leased from Chippewa School District for a dollar a year. It is the only park that has playground equipment.

The project is being planned as a multi-phased project.

Mr. Ryan Cotton, Village Manager, Village of Spring Lake – 10-154, Grand River Greenway Non-Motorized Trail, Village of Spring Lake

Scored 340. Provided comments in support of the project. Thanked the Board for their support of last year's project. The current project involves 35 acres and 2600 feet of frontage to connect with another trail.

Ms. Apostol stated that on the list of projects before the Board, the village's grant request should be \$330,000 and not \$110,000.

Mr. Chelsey Foster, City Manager, City of Ithaca – 10-028, McNabb Park Site Development, City of Ithaca

Scored 310. McNabb has been under the ownership of the city since the 1920s. This includes soccer fields, fairgrounds, associated buildings, bike trail and horse racing track.

There are about 430 children from the mid-Michigan region that use the park for soccer practice and tournaments. The area gets very crowded at times with both soccer and horse racing events happening at the same time.

The American Youth Soccer Organization (AYSO) would like to expand their program for disabled children, physically and mentally handicapped. The city received an acquisition grant a few years ago (10 acres) next to the park. The city has committed \$70,000 toward the match.

Mr. Mike Lapchick, Resident of Casco Township – 10-067, Casco Township Nature Preserve Expansion, Casco Township

Scored 350. Made comments in opposition to the project. Some residents in the township question whether the property can afford to acquire the proposed project. Land was acquired from the state just south of the property (1100 feet of beachfront) for \$27,000. Residents on Blue Star Highway feel this takes care of the need for public access.

Expressed concerns about land for parking.

As there were no more public appearances, Chairperson Muchmore entertained a motion for adjournment.

**MOVED BY MR. GARNER, SUPPORTED BY DIRECTOR HUMPHRIES,
TO ADJOURN THE EVENING SESSION OF THE MNRTF BOARD MEETING.
PASSED WITHOUT DISSENTING VOTE.**

The November 30, 2010 evening session was adjourned at 8:25 PM.

The regular meeting of the MNRTF Board of Trustees commenced at 9:05 AM, December 1, 2010.

The following Board members were present:

Keith Charters
Bob Garner
Rebecca Humphries
Dennis Muchmore
Frank Torre

Also in attendance were various staff members of the DNRE and other interested parties.

Chairperson Muchmore asked DNRE staff to stand and introduce themselves to the audience.

I. ADOPTION OF MINUTES FOR THE MEETING OF OCTOBER 6, 2010.

MOVED BY DIRECTOR HUMPHRIES, SUPPORTED BY MR. CHARTERS, TO APPROVE THE MINUTES OF THE OCTOBER 6, 2010 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

II. ADOPTION OF AGENDA FOR MEETING OF DECEMBER 1, 2010.

MOVED BY MR. GARNER, SUPPORTED BY MR. CHARTERS, TO ADOPT THE AGENDA OF THE DECEMBER 1, 2010 MNRTF BOARD MEETING. PASSED WITHOUT DISSENTING VOTE.

III. OLD BUSINESS.

Stabilization Reserve Information

Mr. Joseph Frick, Assistant Chief, Administration Division, provided the Board with Stabilization Reserve information. At the present time the stock market holdings are at \$139.5 million and the equity market is doing well. There is about \$190 million in the operating cash flow.

Staff discussed the accounting changes with the State Budget office and they stated that these funds may be used for allocation of grants.

There are four negative implications to spending down the reserves:

1. Money spent this year will not be available to spend in the future – currently using 75 percent bonds and 25 percent equities.
2. May need to be more conservative in investment allocation (less stocks and more conservative bonds), which may decrease future investment income.
3. Less in the reserve to invest and, therefore, will earn less income in the future.

4. Will have a greater risk that interest rate increases (causing bond market value losses) and/or stock market losses could result in little or no money to spend in some future years.

The corpus is at \$487 million so this is very close to reaching the \$500 million cap. It is expected by April 2011 the cap will be reached. At that point, the oil and gas revenues will go to the Park Endowment Fund.

The amount in the Stabilization Reserve currently is \$47,512,500. The total for acquisition would be \$37.8 million and development \$9.7 million.

Overview of Phased Projects

Ms. Apostol outlined the phased projects. There are three that have been submitted via 2010 applications – 10-057, Saugatuck Harbor-Phase II, City of Saugatuck (\$3,500,000—Phase III (\$3,500,000) is scheduled for 2011); 10-139, AuTrain Basin, DNRE, Wildlife Division (\$1,250,000); and 10-140, Linear Park, Northville Township (\$3,053,700).

In addition, the Board approved Acme Township for a three-phased project in 2008 (TF08-095 (Phase I and TF09-171 (Phase II); however the township did not submit an application for Phase III in 2010. They plan to submit an application in 2011.

At this time, Mr. Charters advised the audience that this will be Chairperson Muchmore's last meeting as he has been appointed as Governor-elect Snyder's Chief of Staff. In addition, this will also be Director Humphries' last meeting, as she has accepted a position with Ducks Unlimited in Ann Arbor. Mr. Rodney Stokes has been appointed as the newly formed DNR's Director, effective January 1, 2011.

Ineligible and Withdrawn Applications

Ms. Apostol briefly outlined the ineligible and withdrawn applications. There is one project included on the list which has now been deemed eligible—10-151, North Drake Road Park Acquisition, Oshtemo Township. The application scored 210.

Small Acquisition Grants Initiative (SAGI) Applications

Ms. Apostol briefly outlined the Small Acquisition Grants Initiative (SAGI) applications. These are applications that the request amount was \$100,000 or less. All these are included on the staff recommendations main list for acquisition projects.

Small Development Grants Initiative (SDGI) Applications

Ms. Apostol briefly outlined the Small Development Grants Initiative (SDGI) applications. These are applications that the request amount was \$50,000 or less. All these are included on the staff recommendations main list for development projects.

At this time, Mr. Garner informed the audience that the DNR does not award these grants. The MNRTF is a stand-alone organization. Funding comes from a restricted fund established in 1976 and has been constitutionally protected three times by voters. Once the cap of \$500 million is reached, the MNRTF will not be receiving revenues from

oil and gas. Revenues will go to the Park Endowment Fund. What the MNRTF will have left to allocate for recreation projects will be the earnings off the interest of the \$500 million.

Acquisition Applications

MOVED BY MR. CHARTERS, SUPPORTED BY DIRECTOR HUMPHRIES, TO APPROVE FUNDING FOR 10-159, MILLIKEN STATE PARK ACQUISITION, DNRE, RECREATION DIVISION, IN THE AMOUNT OF \$20,000,000; 10-130, DETROIT RIVERFRONT EASEMENTS AND ACQUISITIONS, DNRE, RECREATION DIVISION, IN THE AMOUNT OF \$5,000,000; 10-128, GLOBE BUILDING ADVENTURE AND DISCOVERY CENTER ACQUISITION, DNRE, RECREATION DIVISION, IN THE AMOUNT OF \$9,000,000; AND 10-142, DEQUINDRE CUT NORTH ACQUISITION, CITY OF DETROIT, IN THE AMOUNT OF \$375,000. FUNDING FOR THESE PROJECTS WILL BE TAKEN FROM THE STABILIZATION RESERVE FUND (\$34,375,000). MOTION PASSED WITHOUT DISSENTING VOTE.

MOVED BY MR. CHARTERS, SUPPORTED BY MR. GARNER, TO APPROVE THE FOLLOWING ACQUISITION PROJECTS:

**10-048, CITY OF BELDING, \$226,700
10-124, DNRE, FOREST MANAGEMENT DIVISION, \$2,200,000
10-117, DNRE, FISHERIES DIVISION, \$900,000
10-003, CITY OF GRAND HAVEN, \$181,000
10-057, CITY OF SAUGATUCK-PHASE II AND III, \$7,000,000
10-139, DNRE, WILDLIFE DIVISION, \$1,250,000
10-131, DNRE, STEWARDSHIP OFFICE, \$1,500,000 (REDUCED FROM \$2,500,000)
10-075, POWELL TOWNSHIP, \$404,500
10-123, DNRE, FOREST MANAGEMENT DIVISION, \$1,000,000
10-149, NORTHVILLE TOWNSHIP, \$3,053,700
10-129, DNRE, RECREATION DIVISION, \$2,400,000
10-137, DNRE, STEWARDSHIP OFFICE, \$1,000,000 (REDUCED FROM \$2,000,000)
10-095, GOLDEN TOWNSHIP, \$400,600
10-156, DNRE, FOREST MANAGEMENT DIVISION, \$5,500,000
10-125, DNRE, FOREST MANAGEMENT DIVISION, \$1,500,000
10-122, DNRE, FOREST MANAGEMENT DIVISION, \$1,750,000
10-136, DNRE, STEWARDSHIP OFFICE, \$1,250,000
10-120, DNRE, FOREST MANAGEMENT DIVISION, \$1,500,000
10-012, LAKETOWN TOWNSHIP, \$100,000
10-157, DNRE, FOREST MANAGEMENT, \$1,000,000
10-121, DNRE, STEWARDSHIP OFFICE, \$1,000,000 (REDUCED FROM \$2,500,000)
10-022, HAMLIN TOWNSHIP, \$99,400
10-081, MARQUETTE TOWNSHIP, \$156,900
10-165, SPRING LAKE TOWNSHIP, \$61,200
10-146, VILLAGE OF CONSTANTINE, \$36,000
10-150, BROOKS TOWNSHIP, \$188,700**

10-162, DNRE, WILDLIFE DIVISION, \$875,000
10-164, BENZIE COUNTY, \$1,387,100
10-067, CASCO TOWNSHIP, \$2,250,000
10-029, CLINTON COUNTY, \$1,886,300
10-161, DNRE, WILDLIFE DIVISION, \$1,300,000
10-116, DNRE, STEWARDSHIP OFFICE, \$1,000,000
10-154, VILLAGE OF SPRING LAKE, \$330,000
10-060, GRATAN TOWNSHIP, \$48,100
10-144, DELTA COUNTY, \$90,000
10-158, DNRE, RECREATION DIVISION, \$1,280,000
10-145, EAST BAY TOWNSHIP, \$487,500

MOTION PASSED WITHOUT DISSENTING VOTE.

MOVED BY MR. GARNER, SUPPORTED BY DIRECTOR HUMPHRIES, TO AMEND MR. CHARTERS' MOTION TO APPROVE THE FOLLOWING SMALL ACQUISITION GRANTS INITIATIVE (SAGI) PROJECTS:

10-051, VILLAGE OF LEONARD, \$22,500
10-163, CITY OF MARINE CITY, \$37,500
10-093, VILLAGE OF PORT AUSTIN, \$60,000
10-147, RICHFIELD TOWNSHIP, \$21,600
10-149, EVELINE TOWNSHIP, \$46,500

MOTION PASSED WITHOUT DISSENTING VOTE.

Development Applications

MOVED BY MR. CHARTERS, SUPPORTED BY MR. GARNER, TO APPROVE THE FOLLOWING DEVELOPMENT AND SMALL DEVELOPMENT GRANTS INITIATIVE (SDGI) PROJECTS:

10-039, CITY OF KALAMAZOO, \$363,200
10-074, IRON ORE HERITAGE RECREATION AUTHORITY, \$400,000
10-033, CITY OF COLDWATER, \$15,000
10-050, CITY OF LANSING, \$500,000
10-103, CITY OF MUSKEGON HEIGHTS, \$500,000
10-073, VILLAGE OF BEULAH, \$227,500
10-055, YPSILANTI TOWNSHIP, \$500,000
10-062, CITY OF TRAVERSE CITY, \$450,800
10-031, CALHOUN COUNTY, \$500,000
10-042, CITY OF CARSON CITY, \$90,000
10-045, CITY OF DETROIT, \$500,000
10-002, CITY OF FLAT ROCK, \$447,900
10-027, CITY OF INKSTER, \$408,000
10-030, VILLAGE OF COLUMBIAVILLE, \$121,500
10-097, CITY OF SOUTH HAVEN, \$250,000
10-019, DENTON TOWNSHIP, \$372,700
10-077, EGELSTON TOWNSHIP, \$82,100
10-089, CITY OF WEST BRANCH, \$171,600
10-054, GEORGETOWN TOWNSHIP, \$333,300

10-105, COLDWATER TOWNSHIP, \$266,300
 10-035, PRESQUE ISLE COUNTY, \$492,100
 10-084, WAYNE COUNTY, \$500,000
 10-091, CITY OF GALESBURG, \$266,600
 10-024, CITY OF HARTFORD, \$29,600
 10-040, HURON-CLINTON METROPOLITAN AUTHORITY, \$500,000
 10-001, PUTNAM TOWNSHIP, \$500,000
 10-038, WEST BLOOMFIELD TOWNSHIP, \$500,000
 10-043, CITY OF NOVI, \$437,500
 10-011, BERRIEN COUNTY, \$500,000
 10-096, CITY OF ALLEGAN, \$45,000
 10-044, CITY OF DETROIT, \$500,000
 10-114, CITY OF FREMONT, \$180,300
 10-049, DELHI TOWNSHIP, \$283,100
 10-127, DNRE, MACKINAC ISLAND STATE PARK, \$50,000
 10-061, MASON COUNTY, \$320,000
 10-101, OTTAWA COUNTY, \$365,000
 10-052, VILLAGE OF BARRYTON, \$92,900
 10-079, WATERSMEET TOWNSHIP, \$500,000
 10-059, CITY OF ROCKFORD, \$86,500
 10-026, OCEANA COUNTY, \$54,000
 10-025, TEXAS TOWNSHIP, \$287,800
 10-041, VILLAGE OF FOWLerville, \$159,300
 10-113, OSHTMO TOWNSHIP, \$489,000
 10-058, BRIDGETON TOWNSHIP, \$146,500
 10-066, CASCO TOWNSHIP, \$154,900
 10-056, CITY OF IRON MOUNTAIN, \$500,000
 10-017, DEWITT TOWNSHIP, \$394,200
 10-094, GOGEBIC COUNTY, \$235,500
 10-064, IRON COUNTY, \$500,000
 10-085, MACOMB COUNTY, \$205,000
 10-072, VILLAGE OF PORT SANILAC, \$166,200
 10-090, CITY OF GALESBURG, \$162,200
 10-076, FORSYTH TOWNSHIP, \$268,600
 10-014, FRUITPORT TOWNSHIP, \$213,900
 10-063, TUSCARORA TOWNSHIP, \$384,900
 10-109, VILLAGE OF BERRIEN SPRINGS, \$306,800
 10-071, BARODA TOWNSHIP, \$256,000
 10-087, THOMAS TOWNSHIP, \$262,900
 10-119, DNRE, FOREST MANAGEMENT DIVISION, \$50,000
 10-053, VILLAGE OF NORTHPORT, \$500,000
 10-082, IRONWOOD TOWNSHIP, \$291,400
 10-102, LENAWE COUNTY, \$69,000
 10-006, CITY OF BROWN CITY, \$35,000
 10-028, CITY OF ITHACA, \$183,700
 10-020, VILLAGE OF CONSTANTINE, \$91,000
 10-046, VILLAGE OF MACKINAW CITY, \$74,900
 10-047, BURT TOWNSHIP, \$398,500
 10-098, OAKLAND COUNTY, \$308,000
 10-069, OAKLAND TOWNSHIP, \$154,900
 10-065, CITY OF LUNA PIER, \$490,000 (REDUCED FROM \$500,000)

MOTION PASSED WITHOUT DISSENTING VOTE.

Mr. Charters stated the reason that no DNRE, Recreation Division development grants were recommended was due to the fact that next year the division will be receiving, due to the MNRTF reaching its cap in 2011, funding that will go into the Park Endowment Fund. In addition, they will be accumulating revenue from the Recreation Passport Program.

**MOVED BY DIRECTOR HUMPHRIES, SUPPORTED BY MR. TORRE,
TO APPROVE 10-099, ALGOMA RSC ARCHERY CENTER DEVELOPMENT,
ALGOMA TOWNSHIP, IN THE AMOUNT OF \$500,000. FUNDING FOR
THIS PROJECT WILL BE TAKEN OUT OF THE STABILIZATION RESERVE.
MOTION PASSED WITHOUT DISSENTING VOTE.**

Chairperson Muchmore encouraged all communities who did not receive funding this year to work with Grants Management staff and reapply in the 2011 grant cycle.

At this point, Director Humphries presented a plaque to Chairperson Muchmore in appreciation of his serving on the MNRTF Board.

Mr. Charters stated that at the last meeting, questions were raised regarding acquisition project closings and adding additional staff versus contracting out services for appraisals and inquired on any progress. Director Humphries responded that staffing reviews are being conducted at this time. In addition, boilerplate language for acquisitions are being worked on that will provide more flexibility (escrows).

Chairperson Muchmore advised the audience that the projects approved today are "economic development projects" and urged grantees to express to their legislators to pass the MNRTF bill quickly.

V. NEW BUSINESS.

Ms. Suzanne Schultz and Mr. Steve Faber, Grand Rapids

Ms. Suzanne Schultz provided a presentation on the City of Grand Rapids and progress the city has made in recent years. The city has not received a recreation grant in a number of years. Parks have taken a huge hit in the city, due to budget restraints.

Ms. Schultz outlined using a green infrastructure in rebuilt parks in neighborhoods. The city updated their recreation master plan in 2007. Parks maintenance was one of the key focuses of the plan. The public school facilities have been shared for recreation purposes and have been included in inventories (makes up 25 percent of park land).

The City of Grand Rapids does not have large areas of property to purchase for park purposes. The school board is a separate entity and has fiduciary responsibility for its own lands and cannot donate it (a quarter of the land is school district).

Ms. Schultz outlined park areas and deficiency areas via a map provided to the Board.

Ms. Schultz also mentioned urban park development and the costs involved (approximately a quarter million dollars for a park). She was concerned about the

development cap for the MNRTF program being reduced to \$300,000 for development projects.

Mr. Steve Faber, Friends of Grand Rapids Park, made comments. He reiterated Ms. Schultz' comments about how costly urban park development is. This could hinder some efforts for development. Ms. Schultz also added comments on how it is difficult to come up with match money with the decrease of the development cap and then come up with an endowment for maintenance.

Election of Chairperson and Vice-Chairperson for 2011

MOVED BY MR. CHARTERS, SUPPORTED BY DIRECTOR HUMPHRIES, TO APPOINT MR. GARNER AS CHAIRPERSON AND MR. TORRE AS VICE-CHAIRPERSON. MOTION PASSED WITHOUT DISSENTING VOTE.

2011 Board Meeting Dates

The Board approved the 2011 meeting dates (no official motion). The dates will be as follows:

- February 16
- April 13
- June 15
- August 17
- October 19
- December 6 (evening meeting)
- December 7

Mr. Garner advised the Board that he had received an invitation by the Michigan Oil and Gas Association to hold the October 19th meeting in Mt. Pleasant, through Central Michigan University. The Board could spend some time looking at some oil and gas artifacts as this is the "heart" of the oil and gas industry in Michigan.

Mr. Garner also suggested that the Board meet in Emmet County for the June meeting.

Chairperson Muchmore stated that with budget cuts, he felt economically it would not be feasible to hold a meeting in the Upper Peninsula for 2011.

TF07-164, Waterfront Property Acquisition, Village of DeTour Village – PROJECT WITHDRAWAL

MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, TO APPROVE THE WITHDRAWAL OF TF07-164, WATERFRONT PROPERTY ACQUISITION, VILLAGE OF DeTOUR VILLAGE. PASSED WITHOUT DISSENTING VOTE.

VI. STATUS REPORTS.

DNRE Real Estate Report – State Acquisitions

Mr. Ed Meadows, Section Manager, Real Estate Services, Administration Division, DNRE, outlined the DNRE Real Estate report. Since the last report, 10 options covering 394 acres, representing an investment of \$2,377,765 have been secured.

Mr. Meadows outlined a rail-trail acquisition along the Grand River in downtown Grand Rapids—the Grand River Edges project. This is to acquire one mile of corridor along the riverfront in downtown Grand Rapids. It connects to city parks, provides waterfront from the redeveloping industrial neighborhoods in the vicinity and connects to a major trail network in western Michigan. It provides public access for fishing, urban green space and contributes to the economic development efforts of the City of Grand Rapids. This project is a great example of the partnerships between the MNRTF, DNRE, MDOT, City of Grand Rapids and the railroad company. The asking price of the property was over \$6 million and the purchase price was \$2.3 million. The MNRTF portion is \$850,000.

Mr. Meadows advised the Board that Mr. Bill Schmidt, who has served the Department of Natural Resources for 36 years, will be retiring. Mr. Schmidt has acquired over 700 properties with MNRTF funds over the years. He has also provided many other services to the Real Estate Section over the years.

Mr. Meadows outlined other acquisitions that were included in the Real Estate report.

Mr. Meadows briefly outlined the MNRTF Lump Sum and Line Item projects report. All of the 2007 projects identified have been committed to projects, as well as the 2008 and 2009 land consolidation projects (either pending, acceptance of an offer, have been approved by the Director or in closing).

Completed Projects Report

Ms. Apostol advised the Board that three local acquisitions and three local development projects have been completed.

Financial Report

The financial information was discussed earlier; however, Mr. Frick advised the Board that the MNRTF investment income last year was \$43 million.

Chairperson Muchmore asked what the corpus balance is at the present time. Mr. Frick responded that at the year end closing it was \$487 million.

MNRTF Lump Sum and Line Item Department Projects

These reports were previously discussed by Mr. Meadows.

VII. OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE BOARD.

None.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund is scheduled for 9:00 AM, Wednesday, February 16, 2011, Lansing Community College West Campus, 5708 Cornerstone, Lansing, Michigan.

ADJOURNMENT.

**MOVED BY MR. CHARTERS, SUPPORTED BY MR. TORRE, TO ADJOURN
THE MEETING. PASSED WITHOUT DISSENTING VOTE.**

The meeting was adjourned at 11:20 AM.

Dennis Muchmore, Chairperson
Michigan Natural Resources Trust Fund
Board of Trustees

Steven J. DeBrabander, Manager
Grants Management

DATE

**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC**

STB DOCKET NO. AB-1053 (Sub-No. 1X)

**MICHIGAN AIR-LINE RAILWAY CO.
-ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION-
LINE IN OAKLAND COUNTY, MICHIGAN**

REPLY AND OBJECTION TO PETITION FOR EXEMPTION

EXHIBIT 2

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, the Reply and Objection to Petition for Exemption in STB Docket No. AB-1053 (Sub-No. 1X), *Michigan Air-Line Railway Co. – Abandonment Exemption – Line in Oakland County, Michigan* was mailed via first-class mail, postage prepaid, on March 9, 2011 to the following parties:

State Public Service Commission

Michigan Public Service Commission
P.O. Box 30221
Lansing, Michigan 48909

Department of Defense (Military Traffic Management Command, Transportation Engineering Agency, Railroads for National Defense Program)

SDDC TEA
Attn: MTT-SA
Dave Dorfman
709 Ward Drive, Bldg. 1990
Scott Airforce Base, Illinois 62225

National Park Service

Charlie Stockman
Rivers, Trails and Conservation Assistance Program
National Park Service
1201 Eye St., NW, Suite 550B
Washington, DC 20005

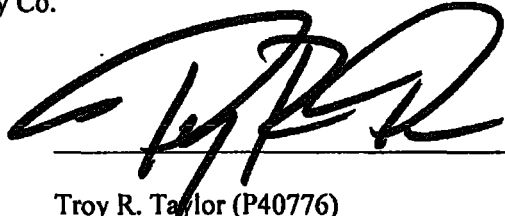
U.S. Department of Agriculture

U.S. Forest Service
1400 Independence Ave., S.W.
Washington, D.C. 20250-0003

Michigan Air-Line Railway Co.

W. Robert Alderson
ALDERSON, ALDERSON, WEILER,
CONKLIN, BURGHART & Crow, L.L.C.
2101 S.W. 21st Street
Topeka, Kansas 66604
Attorney for Michigan Air-Line Railway Co.

March 9, 2011

A handwritten signature in black ink, appearing to read 'T. Taylor', is written over a horizontal line.

Troy R. Taylor (P40776)
Law Office of Troy R. Taylor, PLLC
107 E. Main Street
Suite 204
Northville, Michigan 48167
Attorney for American Plastic Toys, Inc.

**BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC**

STB DOCKET NO. AB-1053 (Sub-No. 1X)

**MICHIGAN AIR-LINE RAILWAY CO.
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EXHIBIT 3

BROWNER TURNOUT CO.

BROWNER TURNOUT CO.

[HOME PAGE](#)[RAILCAR LEASING](#)[RAILCAR LEASING \(CONT.\)](#)

Browner Turnout Co. (BTC) was incorporated in 1991 and is owned by Robert and Kimberly Butler of Brock, Nebraska. Browner Turnout Co's primary business is best defined as railroad contracting services. These services include:

- Railcar Leasing***
- Railcar Sales/Purchasing***
- Railroad Dismantlement***
- New Railroad Construction Consulting***

Browner Turnout Co. is a small third party equipment owner with a fleet of over 400 railcars consisting of various ages, types and sizes. If your organization is interested in leasing or selling railcar equipment or if you would like to obtain more information regarding the services provided above please contact our office at:

**7160 S. 29th Street
Suite A-3
Lincoln, NE 68516
(402) 420-0505 (office)
mramsey@brownerturnout.com**

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